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Annual review of the financial situation, 2006*

Report of the Administrator

Summary

UNDP continued to be a multi-funded organization. Total income (contributions, interest and other income) in 2006 was $5.11 billion. In nominal terms, total contributions decreased by 1 per cent from $4.84 billion in 2005 to $4.79 billion in 2006. In real terms, when adjusted for the impact of inflation and exchange rate effects, total contributions in 2006 were $4.56 billion ($4.61 billion in 2005). Similar to the previous year, contributions in 2006 to regular resources ($0.92 billion) and other resources ($3.8 billion) remain imbalanced.

Overall expenditure increased by 9 per cent from $4.37 billion in 2005 to $4.78 billion in 2006. Total expenditure under regular resources increased by 6 per cent to $903 million in 2006 as compared to $849 million in 2005. Total expenditure under other resources increased by more than 10 per cent from $3.4 billion in 2005 to $3.8 billion in 2006.

UNDP remains fully committed to supporting UN reform initiatives, providing essential administrative support to the UN system. This role is reflected in the significant resources that UNDP administers on behalf of the UN system, which was $0.83 billion in 2005 and $1.18 billion in 2006. These resources, which do not constitute UNDP income, were administered by UNDP primarily in connection with joint programme, multi donor trust funds and administrative support activities.

Elements of a decision

The Executive Board may wish to: (a) take note of documents DP/2007/41 and DP/2007/41/Add.1; (b) reiterate, as stated in its decision 2004/14, the encouragement that all Member States in a position to do so to increase regular resources funding so as to meet the 2007 MYFF target of $1.1 billion in line with the rebuilding of regular resource base of UNDP; and (c) recognize the importance of funding predictability, since the timeliness of contribution payments is essential to avoid liquidity constraints.

* The compilation of data required to present the Executive Board with the most current information has delayed submission of the present document.

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I. Introduction

1. This report provides an overview of the financial position of UNDP at the end of 2006 and the comparative figures for the year 2005. The analyses of UNDP activities at the aggregate level are followed by analyses of regular resources, other resources (broken down by source), and the funds established by the General Assembly. Annex 1 reflects an overview of the aggregate figures and annex 2 shows the definitions of the terms contained in this paper.

II. UNDP overall

2. The present chapter provides the financial picture of UNDP operational activities at the aggregate level and the resultant unexpended balances. In addition, table 1 of the addendum to this paper (DP/2007/41/Add.1) continues with a summary of all activities undertaken by UNDP.

3. Total income recorded in 2006 was $5.11 billion. Total income is comprised of contributions, interest and other income. Total contributions, in nominal terms, were $4.79 billion, a marginal decline by 1 per cent from the 2005 level of $4.84 billion. In real terms, the overall contributions in 2006 were $4.56 billion, a 1 per cent decline from $4.61 billion in 2005. The definition of real value adjustment can be found in Annex 2.

4. The multi-year funding framework (MYFF) continued to ensure coherent development policy through financial support that is independent of funding source. While overall contributions were $4.79 billion in nominal value ($4.56 billion in real value), other resources contributions reached $3.79 billion nominally ($3.62 billion in real terms), representing 79.1 per cent of total receipts in 2006 (79.4 per cent in real terms).

5. Total expenditure was $4.78 billion, and the aggregate programme expenditure (including funds administered by UNDP, $74 million) was $4.1 billion, a 9 per cent growth from 2005 expenditure of $3.7 billion. $3.5 billion (85 per cent) of the total expenditure pertained to other resources, including funds administered by UNDP, while 15 per cent ($546 million) was financed from regular resources of UNDP.

6. The balance of unexpended resources at the end of 2006 was $3.7 billion ($3.4 billion by the end of 2005). $2.0 billion or 54% of 2006 contributions were received in the last quarter of 2006. The unexpended resources are fully programmed and committed for development and management projects and will be used for future years' delivery in appropriate countries and regions.

III. Regular resources

7. Compared to 2005, total income in nominal terms, inclusive of interest income and other income, increased slightly from $938 million to $939 million. In real terms, total income dropped by 3 per cent (from $893 million to $870 million). Total 2006 expenditure increased by 6 per cent, from $849 million to $903 million. The available resource balance, exclusive of operational reserves, increased to $244 million in 2006, from $238 million in 2005.

A. Income

8. Contributions to regular resources received during 2006, before the transfer to the biennial support budget (transfer of contributions regarding Government local office contributions and reimbursement of tax charges), totalled $924 million in nominal terms ($856 million in real terms). Net contributions of $916 million in nominal terms ($848 million in real terms) were mobilized in regular resources (exclusive of interest and other income) in 2006. As shown in table 1 below, contributions from the top 15 bilateral donors on the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), in nominal terms, increased 3 per cent to $886 million, while the value in real terms remained at $821 million.

Figure 1. Overall regular resources contributions[1]: five-year trend, 2002-2006
(in millions of dollars)

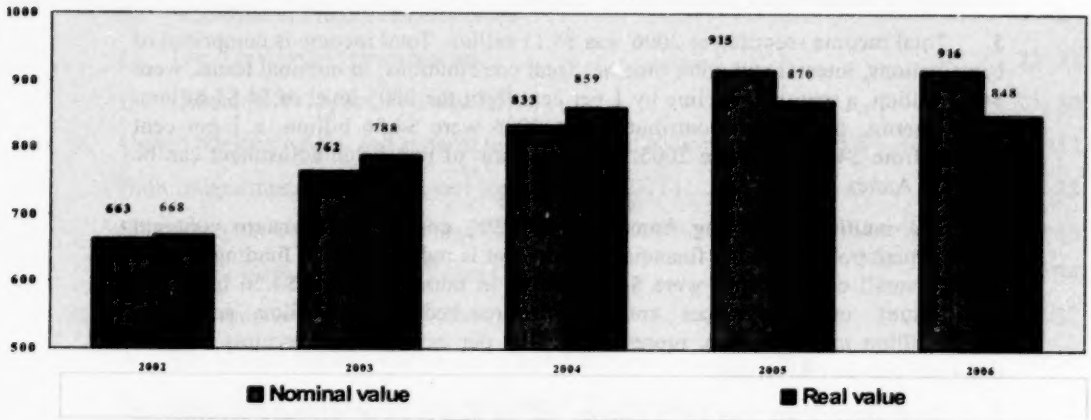


Table 1. Regular resources contributions of top 15 bilateral donors, 2005-2006[1]
(millions of dollars)

Donor	Nominal value of regular resources			Real value of regular resources		
	2005	2006	% change	2005	2006	% change
Netherlands	112	114	2	103	103	-
Sweden	99	109	10	95	96	1
Norway	109	108	(1)	104	99	(5)
United States [a]	105	105	-	102	102	-
United Kingdom	81	91	12	78	84	8
Japan	82	75	(9)	78	73	(6)
Denmark	62	61	(2)	59	57	(3)
Canada	47	50	6	45	47	7
Switzerland	40	42	5	39	39	-
Germany	32	34	6	31	31	-
France	28	31	11	27	28	4
Ireland	18	20	11	17	19	12
Finland	19	19	-	18	18	-

Belgium	18	18	-	17	16	(6)
Spain	8	9	12	8	9	13
Total of top 15 bilateral donors	**860**	**886**	3	**821**	**821**	-
Total resources	**915**	**916**	-	**870**	**848**	(3)
Top 15 bilateral donors as a Percentage of total regular resources	**94%**	**97%**	3	**94%**	**97%**	3

a Prior to tax adjustments.

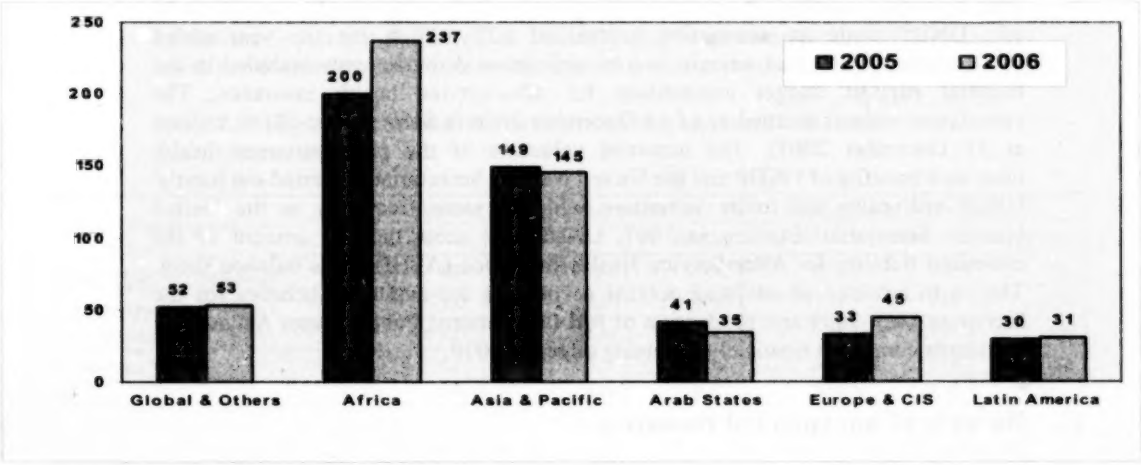
[1] Net contributions, after transfer to biennial support budget (transfer of contributions regarding Government local office contributions and reimbursement of tax charges).

9. Compared to 2005, regular resource contributions from programme countries decreased from $21.3 million to $17.6 million in nominal terms (17 per cent) and from $22.1 million to $17.0 million in real terms (23 per cent).

B. Expenditure

10. Total 2006 expenditure under regular resources increased by 6 per cent to $903 million as compared to $849 million in 2005. The dynamic environment in which UNDP operates resulted in fluctuations within each major expenditure category. Programme expenditure, including programme support to the resident coordinator system, increased by 8 per cent, from $505 million in 2005 to $546 million in 2006. Programme expenditure by region is shown in figure 2.

Figure 2. Regular resources expenditure by region, 2005-2006
(millions of dollars)



Biennial support budget

11. The net biennial support budget expenditure in 2006 ($294 million) increased in nominal terms by approximately 3 per cent when compared to the year 2005 ($286 million). This increase is mainly attributable to the introduction of support to UNCDF in the UNDP support budget in the year 2006, combined with the impact of inflation. By appropriation group, 55 per cent of the expenditure in 2006 was spent on programme support activities, 20 per cent on management and administration;

24 per cent on support to operational activities of the United Nations system, and 1 per cent on support to UNCDF. In total, 65 per cent of expenditure relates to country offices, with the remaining 35 per cent attributed to headquarters locations, including the United Nations Volunteers (UNV) programme, and the Inter-Agency Procurement Services Office (IAPSO).

Other expenditure

12. In comparison with 2005, 'other expenditures' increased by $9.0 million to $51.7 million in 2006. Of this, $ 3.2 million was due to higher losses on revaluation of currencies and exchange rate fluctuations. The balance was a result of correction for a prior year adjustment offset by lower bank charges and hedging costs.

13. An independent consulting actuary was engaged to carry out a valuation of post-retirement health insurance benefits as of 31 December 2005. On the basis of that study, the actuarial report shows that the accrued liability estimate as of 31 December 2005 was $406.9 million. This represents an increase of $143.7 million from $263.2 million estimated in the previous actuarial report of 31 December 2003. As a result, the unfunded liability as at 31 December 2006 increased by $116.7 million to $217.9 million. UNDP will fund the liability in future years.

14. The estimated accrued liability as of 31 December 2005 of $406.9 million represents the portion of the present value of future benefits that has accrued from the staff members' date of entry on duty until the valuation date (31 December 2005). Active staff members' benefits are considered fully accrued when they reach their dates of full eligibility.

15. UNDP made an accounting accrual of $27 million for the year ended 31 December 2006. That amount is over and above disbursements included in the biennial support budget expenditure for after-service health insurance. The cumulative amount accrued as of 31 December 2006 is $189 million ($162 million at 31 December 2005). The actuarial valuation of the post-retirement health insurance benefits of UNDP and the United Nations Secretariat is carried out jointly. UNDP will carry out future valuations with the same frequency as the United Nations Secretariat. Starting in 2007, UNDP will show the full amount of the estimated liability for After-Service Health Insurance (ASHI) in its balance sheet. This is in advance of adopting accrual accounting for employee benefits for the biennium 2008-2009 and production of full International Public Sector Accounting Standards compliant financial statements effective 2010.

C. Balance of unexpended resources

16. The balance of unexpended regular resources at the end of 2006 was $244 million. This represented 7 per cent of the overall balance of unexpended resources. At the end of 2006, UNDP held investments for regular resources totaling $317 million, excluding the operational reserve. Based on total expenditure of $903 million during the year, the UNDP liquidity position at the end of 2006 represented approximately four months of working capital, a slight increase from the previous year. UNDP did not draw from its operational reserve in 2006. A prudent level of liquidity for UNDP regular resources would be the equivalent of

expenditure for three to six months, implying a total liquidity between $226 million and $451 million at current expenditure levels, respectively.

17. In accordance with Executive Board decision 99/9, the formula for the calculation of the level of the UNDP regular resource operational reserve was amended on the basis of documents DP/1999/5/Rev.1 and DP/1999/CRP.9/Rev.1. Based on the estimated income and expenditure data for the year 2006, the operational reserve will be adjusted upwards to a new level of $192 million, from $181 million, and the resulting $11 million will be transferred from the general resources of UNDP.

IV. Other resources

18. Components in the other resources category include bilateral OECD/DAC donors, non-bilateral/multilateral sources, local resources received from programme countries, and other sources. Overall income of other resources decreased slightly by $15 million, from $4.100 billion in 2005 to $4.085 billion in 2006 (an increase of $5 million, from $3.901 billion to $3.906 billion in real terms, mainly due to the 78 per cent increase of interest income, from $81 million to $144 million). Overall expenditure of other resources was $3.8 billion, a 10 per cent increase from $3.4 billion in 2005. The balance of unexpended other resources at the end of 2006 was $3.4 billion or 91 per cent of the overall balance of unexpended resources.

19. Other resources contributions in nominal terms received in 2006, net of interest and other income, totalled $3.79 billion, whereas in real terms these totalled $3.62 billion. Comparison of other resources contributions between 2005 and 2006 by funding source is displayed in table 2 below and composition of 2006 other resources contributions by source, in nominal terms, is presented in figure 3.

Table 2. Comparison of contributions by funding source, 2005-2006
(in billions of dollars)

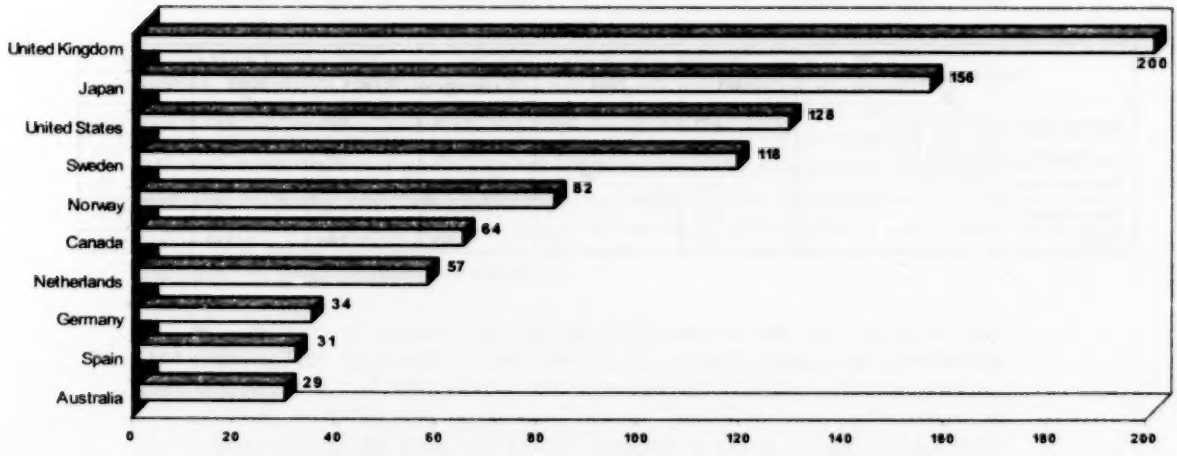
Funding source	*Nominal value of other resources*			*Real value of other resources*		
	2005	*2006*	*% change*	*2005*	*2006*	*% change*
Bilateral OECD/DAC donor donors	1.04	1.03	(1%)	0.99	0.97	(3%)
Non-bilateral/multilateral sources	1.26	1.20	(4%)	1.20	1.15	(4%)
Local resources	1.27	1.36	7%	1.21	1.32	9%
Other sources	0.27	0.20	(29%)	0.26	0.18	(31%)
Total	**3.84**	**3.79**	**(1%)**	**3.66**	**3.62**	**(1%)**

Figure 3. Composition of other resources contributions (nominal value), 2005-2006
(in billions of dollars)

A. Bilateral OECD/DAC donors

20. Other resources contributions received from bilateral OECD/DAC donors recorded a decline of 1 per cent, from $1.04 billion in 2005 to $1.03 billion in 2006. Figure 4 represents the top 10 bilateral OECD/DAC donors that contributed to other resources in 2006.

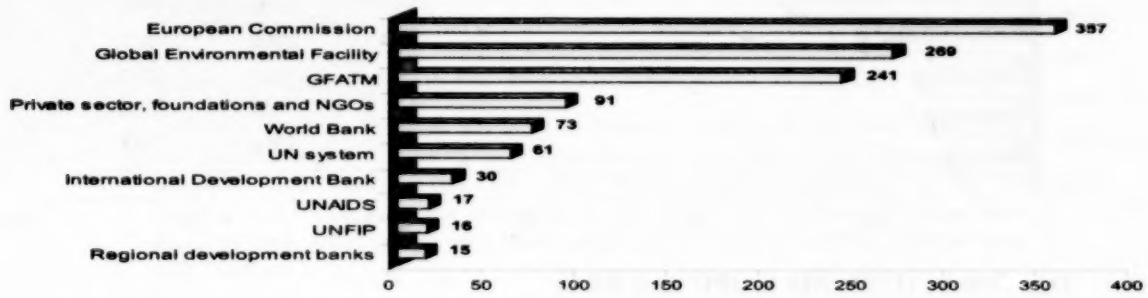
Figure 4. Other resources contributions, top ten bilateral OECD/DAC donors, 2006
(in millions of dollars)



B. Non-bilateral/multilateral sources

21. Other resources entrusted to UNDP from non-bilateral/multilateral sources has decreased to $1.2 billion in 2006 (a 5 per cent decrease, compared to $1.3 billion in 2005). Figure 5 represents the top 10 non-bilateral/multilateral sources that contributed to other donor resources in 2006.

Figure 5. Other resources contributions, top ten non-bilateral/multilateral sources, 2006
(in millions of dollars)



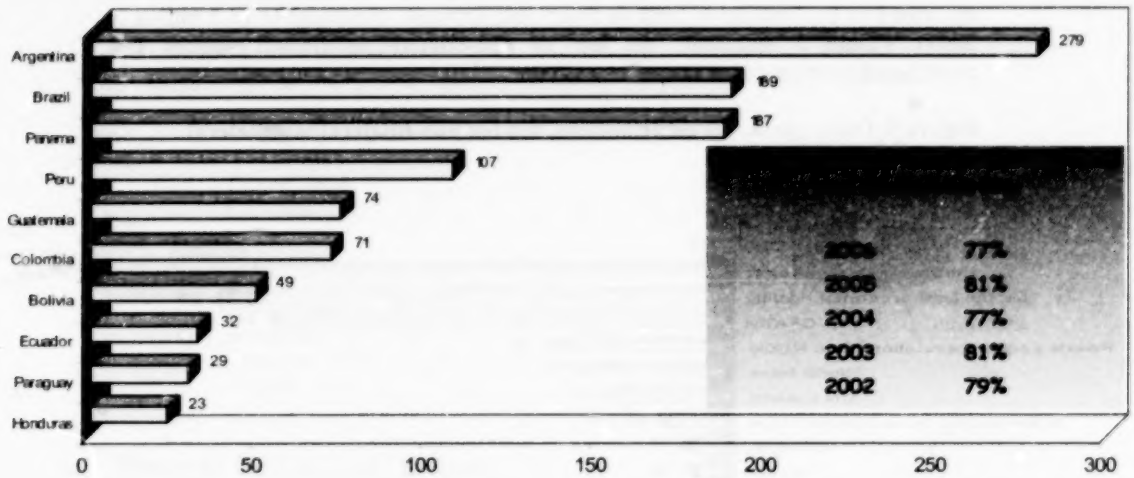
GFATM = Global Fund to Fight AIDS, Tuberculosis and Malaria
UNAIDS = Joint United Nations Programme on HIV/AIDS
UNFIP = United Nations Fund for International Partnership

C. Local resources (governments)

22. Contributions to local resources represented 36 per cent of total other resources contributions received in 2006. This pool of resources has increased by 7 per cent, from $1.27 billion in 2005 to $1.36 billion in 2006. In recent years, countries from regions other than Latin America and the Caribbean increased their participation in local resources. Between 2005 and 2006, Lebanon, Azerbaijan and Chad recorded substantial growth in local resources contributions. Lebanon tripled its contributions from $3 million to $10 million, whereas Azerbaijan and Chad doubled their contributions from $6 million to $13 million, and $4 million to $8 million respectively. Saudi Arabia contributed an additional 25 per cent from $8 million to $10 million, while China increased its contributions by 15 per cent, from $20 million in 2005 to $23 million.

23. About 77 per cent of local resources contributions came from the Governments of 10 programme countries (see figure 6). Among the top ten countries, Guatemala and Bolivia registered the highest increase in local resources from $26 million to $74 million and $5 million to $49 million respectively. Argentina showed a minor decline of $9 million, 3 per cent, from $288 million in 2005 to $279 million in 2006.

Figure 6. Local resources contributions (top ten countries), 2006
(in millions of dollars)



D. Others (UNV, MSA, JPO and RFA)

United Nations Volunteers (UNV)

24. During the year 2006, 7570 volunteers — representing 163 nationalities — carried out 7798 assignments in 144 countries. The total financial magnitude of their activities amounted to $177.8 million. Of this, some 10 per cent was covered from contributions that are made to UNV directly (special voluntary fund, cost sharing, trust funds and full funding arrangements), whereas the rest was covered by direct charges to programmes of the United Nations and other United Nations agencies, funds and programmes, including UNDP.

25. 2006 income relating to the Special Voluntary Fund, cost-sharing, trust funds and full funding arrangements was $20.2 million, a reduction of $6.2 million compared to the $26.2 million received in 2005. The higher income in 2005 was attributable to the Tsunami trust funds. Total programme expenditure in 2006 was $19.0 million, marginally higher than the 2005 expenditure of $18.4 million. These figures exclude $158.8 million which is the financial equivalent of UNV activities that are financed directly by the United Nations itself, including the Department of Peacekeeping Operations and other United Nations agencies, funds and programmes, including UNDP.

Management services agreements (MSAs)

26. In 2006, donors contributed $123 million towards MSA activities, down by $20 million from $143 million in 2005. Total income available for programme activities under MSAs in 2006, including interest income, amounted to $134 million, a decrease of 8 per cent compared to $145 million in 2005. Distribution of MSA expenditure by country and region is shown in table 13 of the addendum DP/2007/41/Add.1.

The Junior Professional Officer (JPO) programme

27. A total of 23 governments and one inter-governmental organization have valid agreements with UNDP for the provision of JPOs. As of 31 December 2006, UNDP administered 250 JPOs and 14 special assistants to the Resident Coordinator (SARCs). The combined number of JPOs and SARCs working with UNDP and affiliated agencies as of 31 December 2006 was 189. 31 of these served in New York and other headquarters locations. UNDP administered 75 JPOs on behalf of other United Nations agencies and partners.

28. UNDP received a total of $32.5 million in contributions to the JPO programme in 2006. The total expenditure, including support costs, incurred during 2006 was $29.4 million. The resource balance available at the end of 2006 was $17.8 million, an increase from $14.7 million in 2005 and $12.7 million in 2004.

Reserve for field accommodation (RFA)

29. $25 million was made available to finance "a fully funded reserve for field accommodation" for housing of internationally recruited, UNDP-financed field personnel and, exceptionally, for office accommodation. Combined assets for housing and office premises amounted to $35.4 million, whereas liabilities were $12.7 million. Total reserve and fund balance for housing and office premises was $22.7 million.

30. An initial provision for asset write-down, based on management's best estimate of RFA assets impairment as of 31 December 1997, was set up in the amount $14.1 million. With the disposal through sale of some of the properties over the years, and consequent charges to the provision and adjustments, the current balance as of 31 December 2006 was $9.6 million.

V. United Nations reform and support to other United Nations organizations

31. UNDP continues to play a vital role in United Nations reform and support to other United Nations organizations. This is reflected in the total resources that flow through UNDP, recorded in the balance sheet (not recorded as income in the financial statements) for joint programmes and support to other United Nations organizations and to the resident coordinator system. Based on the available data, the value of fund flows for this purpose totalled $0.83 billion in 2005 and $1.18 billion in 2006.

Joint programmes and multi donor trust funds (MDTF)

32. UNDP participation in joint programmes and MDTFs, comprised of parallel, pooled and pass-through funding, continued to increase during the reference period. The total value of funds received by UNDP for joint programmes pass through funding increased from $302 million in 2005 to $617 million in 2006. These figures included the funds assigned to Multi Donor Trust Funds (MDTF) that represented $606 million ($275 million in 2005). The value of UNDG Iraq Trust Fund was $213 million or 35 per cent of $606 million received in 2006 under MDTF. The total value of contributions to the Cape Verde joint office, which started in 2006, was $1.96 million.

Support to the United Nations organizations

33. UNDP country offices provide operational support to other United Nations organizations. The funds for these services are recorded in 'agency services clearing accounts'. In 2006, the value of fund flow towards support to other United Nations organizations, consisting of agency services clearing accounts ($431 million), the United Nations Office of Drug and Crime ($36 million) and IAPSO ($93 million) was $560 million, a 6 per cent increase over 2005 ($527 million).

Programme Support to the Resident Coordinator

34. The resident coordinator system represents and advocates the respective mandate of programme countries in their development agendas. The resident coordinator system also reflects national policies, priorities and addresses the local development situation. Overall expenditure for the programme support to the resident coordinator system in 2006 was $28 million, a 14 per cent increase compared to $25 million in 2005.

VI. Funds administered by UNDP

35. Table 5(a) in the addendum to the present report (DP/2007/41/Add.1) provides detailed data for the two funds administered by UNDP. The results of activities undertaken in 2006 are outlined in this section.

A. The United Nations Capital Development Fund

36. In 2006, a transitional period, the United Nations Capital Development Fund (UNCDF) fully achieved its targeted programmatic results and outcomes (see DP/2007/33). Regular resources contributions increased from $9.5 million in 2005 to $13.9 million in 2006. Other resources contributions decreased from $10.3 million in 2005 to $8.1 million in 2006. Programme expenditure from regular resources increased from $11.6 million in 2005 to $17.2 million in 2006. Overall other resources expenditures increased from $7.6 million in 2005 to $8.4 million in 2006. Similarly to 2005, UNCDF maintained its operational reserves level at $22.6 million, while total unexpended resources increased to $38 million.

B. The United Nations Development Fund for Women

37. In its 30th anniversary year, the resources of the United Nations Development Fund for Women (UNIFEM) for supporting gender equality and women's human rights reached an organizational high of $57.6 million in 2006, a $4.0 million increase compared to the $53.6 million raised in 2005. Significantly, UNIFEM regular resources increased by 14 percent redressing a downward trend from two previous years going from $22.0 million in 2005 to $25.0 million in 2006. The UNIFEM-managed United Nations Trust Fund to End Violence against Women also attracted new donors and increased contributions setting a new record high at $3.6 million. Overall programme expenditure, including support costs paid to implementing agents, increased by $.5 million from $47.4 million in 2005 to $47.9 million in 2006. Unexpended resource balance increased by $4.9 million to

$50.9 million. These resources provide the funds to meet the project budgets for 2007 and future years. The level of the UNIFEM operational reserve increased by $1.2 million to $8.9 million at the end of 2006. The UNIFEM Consultative Committee, at its 44th session, encouraged current and future donors to devote a greater share of their contributions to UNIFEM regular resources and make commitments to multi-year funding in order to deliver development results.

Annex 1
UNDP overview

Table 5a. Statement of income and expenditure for the year ended 31 December 2006, with comparative figures for 2005
(in thousands of dollars)

	Regular resources			Other resources			Funds			Total		
	2006	2005	+/-	2006	2005	+/-	2006	2005	+/-	2006	2005	+/-
Income												
Contributions	923 769	923 420	-	3 789 847	3 844 170	(1%)	79 557	73 394	8%	4 793 173	4 840 984	(1%)
Transfer to biennial support budget	(7 492)	(8 918)	16%	-	-	-	-	-	-	(7 492)	(8 918)	16%
Net contributions	916 277	914 502	-	3 789 847	3 844 170	(1%)	79 557	73 394	8%	4 785 681	4 832 066	(1%)
Interest income	9 290	10 802	(14%)	144 278	80 914	78%	4 780	2 935	63%	158 348	94 651	67%
Other income: net	13 185	12 208	8%	150 668	174 760	(14%)	6 140	5 733	7%	169 993	192 701	(12%)
Total income	938 752	937 512	-	4 084 793	4 099 844	-	90 477	82 062	10%	5 114 022	5 119 418	-
Expenditure												
Programme	532 619	490 288	9%	3 443 384	3 138 748	10%	73 586	66 690	10%	4 049 589	3 695 726	10%
Programmes support – implementing agents	-	-	-	9 938	11 029	(10%)	-	-	-	9 938	11 029	(10%)
Programmes support to resident coordinator	12 960	14 242	(9%)	15 137	10 325	46%	-	-	-	28 097	24 567	14%
Development support services	6 146	4 837	27%	5 441	5 379	1%	-	-	-	11 587	10 216	13%
UNDP economist programme	5 655	10 735	(47%)	-	-	-	-	-	-	5 655	10 735	(47%)
Biennial support budget: net[a/]	294 262	285 824	3%	312 651	274 356	14%	10 017	16 316	38%	616 930	576 496	7%
Other expenditure	51 747	42 759	21%	3 213	195	-	6	15	(60%)	54 966	42 969	28%
Total expenditure	903 389	848 685	6%	3 789 764	3 440 032	-10%	83 609	83 021	1%	4 776 762	4 371 738	9%
Excess (shortfall) of income over expenditure	35 363	88 827	(60%)	295 029	659 812	(55%)	6 868	(959)	-	337 260	747 680	(55%)
Savings on obligations of prior biennium	-	-	-	(119)	636	-	-	-	-	(119)	636	-
Transfers from (to) reserves	(12 000)	(15 000)	20%	(11 000)	(5 000)	-	(1 200)	1 200	-	(24 200)	(18 800)	(29%)
Refunds to donors and transfers from (to) from other funds	(16 416)	(7 175)	-	(12 454)	(16 129)	23%	(296)	(552)	46%	(29 166)	(23 856)	(22%)
Balance of unexpended resources, 1 January	237 510	170 858	39%	3 114 345	2 475 026	26%	83 535	83 846	-	3 435 390	2 729 730	26%
Balance of unexpended resources, 31 December	**244 457**	**237 510**	**3%**	**3 385 801**	**3 114 345**	**9%**	**88 907**	**83 535**	**6%**	**3 719 165**	**3 435 390**	**8%**

Source: Table 1(a), DP/2007/41/Add.1
[a] Includes country office administrative charge

Table 5b. Assets, liabilities and reserves and fund balances as of 31 December 2006, with comparative figures for 2005

(thousands of United States dollars)

	Regular resources			Other resources			Funds			Total		
	2006	2005	+/-	2006	2005	+/-	2006	2005	+/-	2006	2005	+/-
Assets												
Cash	34 266	111 077	-	17 856	21 617	(17%)	1 707	880	94%	53 829	133 574	(60%)
Government letters of credit	1 348	-	-	119 195	248 244	(52%)	-	-	-	120 543	248 244	(51%)
Investments held for												
Operational reserve	181 000	169 000	7%	-	-	-	-	-	-	181 000	169 000	7%
Regular resources	317 233	217 023	46%	448 655	392 635	14%	110 891	118 997	(7%)	876 779	728 655	20%
Other	3 294 860	2 854 493	15%	-	-	-	-	-	-	3 294 860	2 854 493	15%
Subtotal investments	3 793 093	3 240 516	17%	448 655	392 635	14%	110 891	118 997	(7%)	4 352 639	3 752 148	16%
Total cash, letters of credit and investments	3 828 707	3 351 593	14%	585 706	662 496	(12%)	112 598	119 877	(6%)	4 527 011	4 133 966	10%
Advances from governments and executing agencies	54 399	44 440	22%	121 161	132 116	(8%)	474	435	9%	176 034	176 991	(1%)
Accounts receivable and deferred charges	175 452	159 022	10%	3 201 012	2 820 920	13%	12 028	11 876	1%	3 388 492	2 991 818	13%
Accrued interest	38 714	23 955	62%	37 996	25 485	49%	2 262	1 347	68%	78 972	50 787	56%
Long-term accounts receivable	-	-	-	349	436	(20%)	-	-	-	349	436	(20%)
Special capitalized assets	1 570	1 570	-	34 087	34 267	(1%)	-	-	-	35 657	35 837	(1%)
Loans to governments	-	-	-	806	806	-	-	-	-	806	806	-
Total assets	4 098 842	3 580 580	14%	3 982 117	3 676 526	8%	127 362	133 535	(5%)	8 207 321	7 3 90 641	11%
Liabilities												
Advances to governments and executing agencies	23 690	5 230	-	42 286	30 529	39%	1 541	1 669	(8%)	67 517	37 428	80%
Unliquidated obligations	49 107	41 248	19%	200 131	203 641	(2%)	2 920	3 769	(23%)	252 158	248 658	1%
Accounts payable	178 061	178 997	1%	137 694	118 436	16%	2 494	14 262	(83%)	318 249	300 390	6%
Due to other resources	3 171 296	2 754 608	15%	78 829	86 874	(9%)	-	-	-	3 250 125	2 852 787	14%
Other liabilities	249 661	192 417	30%	21 376	17 701	21%	-	-	-	271 037	210 118	29%
Total liabilities	3 671 815	3 172 500	16%	480 316	457 181	5%	6 955	19 700	(65%)	4 159 086	3 649 381	14%
Reserves and fund balances												
Operational reserve	181 000	169 000	7%	88 000	77 000	14%	31 500	30 300	(4%)	300 500	276 300	9%
Endowment fund	-	-	-	3 000	3 000	-	-	-	-	3 000	3 000	-
RFA authorized level	-	-	-	25 000	25 000	-	-	-	-	25 000	25 000	-
Special capital resources	1 570	1 570	-	-	-	-	-	-	-	1 570	1 570	-
Balance of unexpended resources	244 457	237 510	3%	3 385 801	3 114 345	9%	88 907	83 535	6%	3 719 165	3 435 390	8%
Balance of unexpended resources and special capital resources	246 027	239 080	3%	3 385 801	3 114 345	9%	88 907	83 535	6%	3 720 735	3 436 960	8%
Total reserves and balance of unexpended resources	427 027	408 080	5%	3 501 801	3 219 345	9%	120 407	113 835	6%	4 049 235	3 741 260	8%

Annex 2

Definitions

Total income: sum of contributions (net of transfer to biennial support budget), interest income and other income (net).

Contributions: resources entrusted to UNDP by Member States of the United Nations and other entities. Contributions are used to cover UNDP programme activities as well as programme support, management and administration, and support to operational activities of the United Nations, including costs associated with the administration of contributions received for special purposes.

Regular resources: the resources of UNDP that are co-mingled and untied. These include pledges of voluntary contributions, contributions from governmental, intergovernmental or non-governmental sources and related interest earnings and miscellaneous income.

Other resources: the resources of UNDP, other than regular resources, that are received for a specific programme purpose, consistent with the policies, aims and activities of UNDP and for the provision of management and other support services to third parties. Under this category fall cost sharing and trust funds established by the Administrator. For presentation purposes, bilateral donors, non-bilateral/ multilateral sources, local resources, joint programmes and support to other United Nations organizations, UNV, MSAs, the JPO programme and the RFA are included in this category.

Biennial support budget: the budget of an organization covering programme support and management and administration of the organization.

Funds administered by UNDP: funds established by the General Assembly and administered by UNDP.

Bilateral donors: other resources received from 22 members of the Development Assistance Committee of the Organization for Economic Cooperation for Development.

Non-bilateral/multilateral sources: other resources received from all multilateral organizations, such as regional development banks, international financial institutions, United Nations organizations and the private sector.

Local resources: other resources received from programme countries.

Government contributions to local office cost (GLOC): contributions in the form of cash, or by provision in kind of specific goods, services and facilities that the host Government makes towards the expenses of maintaining the UNDP country office.

Parallel funding: an arrangement in which UNDP and other bilateral and or multilateral donors agree in advance on specific parts of a programme to be financed by each separately, and whereby each party is responsible for the resources it contributes and for carrying out their respective components of the programme.

Joint programmes: the collective effort through which United Nations organizations and national partners work together to prepare, implement, monitor and evaluate the activities aimed at effectively and efficiently achieving the Millennium

Development Goals and other international commitments arising from United Nations conferences, summits, conventions and human rights instruments.

Real value: *(a) Other currencies* — quarterly average exchange rate of the previous year and the standard inflation rate is applied to the nominal value; *(b) US dollars* — standard inflation rate is applied to the nominal value.

Standard inflation rate: average of estimated rates for UNDP headquarters (based on the basket of United States, Japan, Denmark, Germany, Switzerland and Belgium) and country offices for the years — 2004 and 2005.

Assets: *(a) Cash and investments* — the main liquid assets of UNDP; *(b) Other assets, net of liabilities* — supplement investments to/from the balance of unexpended resources and include advances to executing agents and to other United Nations organizations.

Unliquidated obligations and other payables: expenditures that have been incurred but yet to be disbursed.